



BASF Business Services Limited

**Directors' report and financial
statements**

Registered number 03535585

31 December 2014

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Principal activities

The principal activity of the company is that of providing IT support throughout Europe on behalf of its parent company, BASF Business Services Holdings GmbH.

Business review

BASF Business Services Ltd is a subsidiary of BASF Business Services Holding Ltd, which itself is a subsidiary of BASF Business Services Holding GmbH, Germany. This therefore forms a part of the BASF Business Services Group.

BASF Business Services aims to continue, develop and standardise information technology at the highest level for BASF and for new external customers.

BASF Business Services Group had 2,109 (2013: 2,193) employees at the end of 2014 and recorded an annual group turnover of €598 million (2013: €523 million) in 2014. The company's key strengths are IT Application and Infrastructure Services and Business Solutions. This expertise is based on years of experience in providing solutions to the world's leading chemical company, BASF SE. BASF Business Services offers a wide range of products and services, including innovative solutions and application development in the fields of e-Business, ERP and human resources management systems, as well as office support and consulting.

BASF Business Services Ltd had 27 employees (2013: 28 employees) at the end of 2014. The turnover in 2014 was £2,581,579 (2013: £3,006,021).

Due to the nature of the business, reduced costs resulted in reduced turnover. All costs in 2014 are charged to BASF Business Services Holding GmbH including a BASF group wide ICTP surcharge of 5%.

Outlook for 2015

The development of BASF Business Services Ltd depends on the development and strategic decisions of BASF Business Services Holding GmbH. Beginning as of 1st January 2015 a new service contract between BASF Business Services Holding GmbH and BASF Business Services Ltd became effective. This service contract ensures coverage of all functional costs of BASF Business Services Ltd including the BASF group wide ICTP surcharge of 5%.

Results and dividends

The profit for the year is set out on page 6 of the financial statements. There were no dividends paid during 2014 (2013: £69,000). The directors do not recommend payment of a final dividend (2013: £nil).

Directors and secretary and their interests

The directors who held office during the year were as follows:

Mr A Biermann	Director (German)
Mr S Hatton	Company Secretary (British)
Mr T Urwin	Director (British)

Directors' report *(continued)*

Political and charitable contributions

The Company made no political contributions during the year (2013: £nil). Donations to UK charities amounted to £nil, (2013: £nil).

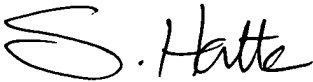
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Mr S Hatton



Mr T Urwin

Registered office:
PO Box 4
Earl Road
Cheadle
Cheshire
SK8 6QG

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent Auditor's report to the members of BASF Business Services Limited

We have audited the financial statements of BASF Business Services Limited for the year ended 31 December 2014 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

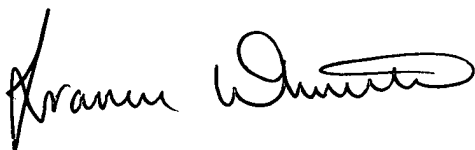
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's report to the members of BASF Business Services Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in not preparing a strategic report.



Frances Whittle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

13 July 2015

Profit and loss account
for the year ended 31 December 2014

	<i>Note</i>	2014 £000	2013 £000
Turnover	<i>2</i>	2,582	3,006
Cost of sales		(2,258)	(2,678)
Gross profit		324	328
Administrative expenses	<i>3</i>	(208)	(221)
Other operating expenses		(19)	(32)
Other operating income		10	48
Operating profit	<i>3</i>	107	123
Interest receivable and similar income	<i>6</i>	6	5
Profit on ordinary activities before taxation	<i>2-6</i>	113	128
Tax on profit on ordinary activities	<i>7</i>	(27)	(21)
Retained profit for the financial year	<i>13</i>	86	107

Statement of total recognised gains and losses
for the year ended 31 December 2014

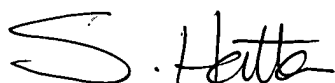
There were no gains and losses in the current or preceding year other than those passing through the profit and loss account.

The accompanying notes on pages 9 to 17 form an integral part of these financial statements.

Balance sheet
at 31 December 2014

	<i>Note</i>	2014		2013	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	8	-			1
Tangible assets	9	61			114
			<hr/>		<hr/>
			61		115
Current assets					
Debtors	10	2,143		2,194	
		<hr/>		<hr/>	
Creditors: amounts falling due within one year	11	2,143 (468)		2,194 (659)	
		<hr/>		<hr/>	
Net current assets			1,675		1,535
			<hr/>		<hr/>
Net assets			1,736		1,650
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	12	1,540			1,540
Profit and loss account	13	196			110
		<hr/>			<hr/>
Shareholders' funds			1,736		1,650
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 8th June 2015 and were signed on its behalf by:



Mr S Hatton



Mr T Urwin

Company registered number: 03535585

The accompanying notes on pages 9 to 17 form an integral part of these financial statements.

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2014

	2014 £000	2013 £000
Profit for the financial year	86	107
Dividends Paid	-	(69)
	<hr/>	<hr/>
Net addition to shareholders' funds	86	38
Opening shareholders' funds	1,650	1,612
	<hr/>	<hr/>
Closing shareholders' funds	1,736	1,650
	<hr/>	<hr/>

The accompanying notes on pages 9 to 17 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standard. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

As 100% of the Company's voting rights are controlled within the group headed by BASF Societas Europaea, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of BASF Societas Europaea, within which this Company is included, can be obtained from BASF Societas Europaea, 67056 Ludwigshafen, Germany.

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on page 1. The company has considerable financial resources and the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis for accounting in preparing the annual financial statements.

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Amortisation is provided to write off the cost of software licenses by equal instalments over their estimated useful economic lives.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings	-	10% - 20% per annum
Data processing equipment	-	20% - 50% per annum

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes *(continued)*

1 Accounting policies *(continued)*

Post-retirement benefits

The company makes pension contributions to the BASF UK Group Pension Scheme (the Scheme) on behalf of its employees. There are two sub-schemes, one is of the defined benefit type, while the other is a defined contribution plan.

The defined benefit scheme is accounted for as a multi-employer scheme under FRS17. Contributions are charged to the profit and loss account as they become payable.

The employer's pension costs for the defined contribution plan are charged to the profit and loss account as they become payable.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover comprises the invoiced value of services supplied by the company exclusive of value added tax.

Employee share schemes

The cost of awards to employees that take the form of shares or rights to shares are recognised over the period of the employee's related performance. No cost is recognised in respect of SAYE schemes that are offered on similar terms to all or substantially all employees.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which they are declared and approved. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements. Interim dividends are recognised in the period in which they are paid.

Notes (continued)

2 Analysis of turnover

	2014 £000	2013 £000
United Kingdom	2,582	2,829
Denmark	-	177
	<u>2,582</u>	<u>3,006</u>

3 Notes to the profit and loss account

	2014 £000	2013 £000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Staff Costs – (note 5)	1,752	1,938
Amortisation	1	1
Depreciation	64	85
Hire of other assets – rentals payable under operating leases	1	12
	<u>1,752</u>	<u>1,938</u>
Auditor's remuneration:	2014 £000	2013 £000
Amounts receivable by the auditor and their associates in respect of:		
Audit of these financial statements	8	8
	<u>8</u>	<u>8</u>

4 Remuneration of directors

None of the directors received any emoluments from the company in the current or preceding year.

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2014	2013
Administration and operations	27	28
	<u>27</u>	<u>28</u>

The aggregate payroll costs of these persons were as follows:

	2014 £000	2013 £000
Wages and salaries	1,369	1,506
Social security costs	136	141
Other pension costs	247	291
	<u>1,752</u>	<u>1,938</u>

Notes (continued)

6 Interest receivable and similar income

	2014 £000	2013 £000
Group interest receivable	6	5
	<u>6</u>	<u>5</u>
	<u><u>6</u></u>	<u><u>5</u></u>

7 Taxation

Analysis of charge in year

	2014 £000	2014 £000	2013 £000	2013 £000
<i>UK corporation tax</i>				
Current tax on income for the year	6		13	
Adjustments in respect of prior years	11		(29)	
	<u>17</u>		<u>(16)</u>	
Double taxation relief	-		(12)	
	<u>-</u>		<u>(12)</u>	
		17		(28)
<i>Foreign tax</i>				
Current tax on income for the year	-		12	
	<u>-</u>		<u>12</u>	
		-		12
Total current tax		<u>17</u>		<u>(16)</u>
<i>Deferred tax (see note 10)</i>				
Origination/reversal of timing differences	17		15	
Adjustment in respect of previous years	(7)		22	
	<u>10</u>		<u>37</u>	
Total deferred tax		10		37
Tax on profit on ordinary activities		<u>27</u>		<u>21</u>

Notes (continued)

7 Taxation (continued)

The current tax charge for the period is lower (2013: lower) than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below.

	2014 £000	2013 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	113	128
	<hr/>	<hr/>
Current tax at 21.5% (2013: 23.25%)	24	30
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1	1
Capital allowances for period in excess of depreciation	(10)	(8)
Short Term Timing differences	(9)	(10)
Adjustments to tax charge in respect of previous periods	11	(29)
	<hr/>	<hr/>
Total current tax charge (see above)	17	(16)
	<hr/>	<hr/>

The Finance Bill 2013 received Royal Assent on 17 July 2013 and accordingly the UK corporation tax rates will reduce to 21% from 1 April 2014 and 20% from 1 April 2015. This will reduce the company's future current tax charge and deferred tax position at 31 December 2014 which has been calculated based on the rate of 20% enacted at the balance sheet date.

8 Intangible fixed assets

	Software licenses £000
<i>Cost</i>	
At beginning of year	9
Additions	-
Disposals	-
	<hr/>
At end of year	9
	<hr/>
<i>Amortisation</i>	
At beginning of year	8
Charged in year	1
Disposals	-
	<hr/>
At end of year	9
	<hr/>
<i>Net book value</i>	
At 31 December 2014	-
	<hr/>
At 31 December 2013	1
	<hr/>

Notes *(continued)*

9 Tangible fixed assets

	Data Processing equipment £000
<i>Cost</i>	
At beginning of year	467
Additions	13
Disposals	(229)
	<hr/>
At end of year	251
	<hr/>
<i>Depreciation</i>	
At beginning of year	353
Charge for the year	64
Disposals	(227)
	<hr/>
At end of year	190
	<hr/>
<i>Net book value</i>	
At 31 December 2014	61
	<hr/>
At 31 December 2013	114
	<hr/>

Notes *(continued)*

10 Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	1,820	1,843
Other debtors	239	262
Prepayments and accrued income	10	5
Deferred tax asset (see below)	74	84
	<u>2,143</u>	<u>2,194</u>

The above amount contains £nil (2013: £nil) which relates to a debtor due after more than one year.

Deferred Tax

Deferred tax is provided at a rate of 20% (2013: 20%).

The elements of deferred tax are as follows;

	2014 £000	2013 £000
Difference between accumulated depreciation and amortisation and capital allowances	74	84
Deferred tax asset	<u>74</u>	<u>84</u>

11 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	6	15
Amounts owed to group undertakings	62	147
Other creditors	155	224
Accruals and deferred income	245	273
	<u>468</u>	<u>659</u>

Notes (continued)

12 Called up share capital

	2014 £000	2013 £000
<i>Allotted, called up and fully paid</i>		
1,540,000 Ordinary shares of £1 each	1,540	1,540

13 Profit and Loss reserve

	Profit and loss account £000
At beginning of year	110
Profit for the year	86
Dividend paid	-
At end of year	196

14 Pension scheme

Defined benefit scheme

The company participates in the BASF (UK) Group Pension Scheme. The company introduced the defined contribution plan on 6 April 1998 for new employees. Employees who were already members of the defined benefit plan were offered the opportunity to transfer to the new defined contribution plan. From 1 April 2013 any remaining members of the defined benefit plan were transferred to the defined contributions plan, and the defined benefit plan was closed to future accrual. Assets are held in separate trustee administered fund. BASF PLC, the lead UK Group company operates a group defined benefit scheme, of which some employees of the company are members. There is no contractual agreement for charging the net defined benefit cost of the scheme between the companies that participate in the scheme. As a result, the net defined benefit cost of the scheme is recognised in the financial statement of the sponsoring employer, BASF PLC. The costs of contributions to the group scheme amount to £nil (2013: £nil). An amount of £nil (2013: £nil) is included in creditors being the outstanding contributions to the defined benefit scheme.

Information about the plan as a whole can be obtained from the BASF PLC financial statements.

Defined contribution pension scheme

The company also participates in a defined contribution scheme. The scheme operates as part of the BASF (UK) Group Pension Scheme and commenced operation on 6 April 1998. The employer contributions for this scheme for the year ended 31 December 2014 were £247,294 (2013 £291,431).

15 Related party disclosures

The ultimate controlling party is BASF SE. The company has taken advantage of the exemption in FRS 8 – 'Related Party Disclosures' in not disclosing details of transactions with other group companies. There have been no other related party transactions.

Notes *(continued)*

16 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of BASF Business Services Holding Limited, a company registered in England and Wales. The ultimate parent company is BASF Societas Europaea ("BASF SE"), a company incorporated in Germany.

The largest and smallest group in which the results of the company are consolidated is that headed by BASF SE.

The consolidated financial statements of these groups are available to the public and may be obtained from:

Press Office
Dept ZOA/P
BASF SE
67056 Ludwigshafen
Germany